



# **Energy Presentation to Region 1 South Texas Association of School Maintenance Officials “STASMO”**



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Source: NGSA

# Agenda

1. CETX introduction
2. Texas HB 3693 update



# CETX Overview

- CETX -Texas affiliate of Competitive Energy Services (CES)
- Founded in 1999 by career energy professionals
- 28 employees
- Electricity, natural gas, fuel oil, propane, green, biodiesel procurement
- Fuel arbitrage
- 20,000 clients in 11 states & Canada
- Industrial, commercial real estate, institutional, retail, governmental, corporate, national accounts
- Consultant to largest aggregation in Texas – Public Power Pool
  - 100 local Texas governments - City of Dallas, Dallas County, Harris County (Houston), Dallas Independent School District, etc.
- Total Value of energy procured > \$500 million/year.



# What Does CETX Do?

1. Represent buyers' interests only
2. Provide seasoned team support
3. Build & implement long term energy purchasing strategies
4. Match client usage profile & risk appetite w/ most appropriate product(s)
5. Perform competitive bid process
6. Advise and negotiate business terms of the contract
7. Perform ongoing customer service in all energy related matters
8. Fees are fully disclosed, paid by the supplier
9. Fees typically 1-2% of total electric spend, depending on size



***Leveling the Playing Field  
between  
Buyers and Sellers***

# Representative Clients

- Allied Waste/BFI
- Cintas
- Cushman & Wakefield
- De Dietrich Process Systems
- Eastern Maine Healthcare Systems
- General Electric
- Grubb & Ellis
- Hannaford Brothers
- Huhtamaki – The Chinet Co.
- International Paper
- Irving Oil
- Jackson Laboratory
- Lack's Home Furnishings
- Lincoln Property Company
- LL Bean
- NutraMax Products
- Pratt & Whitney
- Weingarten Realty Investors

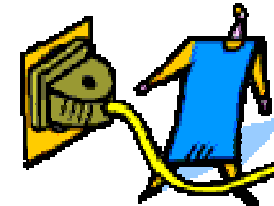


# Government and Non-Profit Clients

- City of Dallas
- Harris County
- Dallas ISD
- Crowley ISD
- Dartmouth College
- Bowdoin College
- Goodwill Industries (Dallas & South Texas)
- DePelchin Children's Center
- State of Maine
- University of Maine
- Alley Theatre
- American Red Cross
- Ft. Worth Zoo
- American Heart Association
- Roman Catholic Diocese of Brownsville



# Texas HB 3693



## Background

- Continued growth in peak demand for electricity in short term (next 5 yrs) could result in shortages
  - TX population growing 2% per yr.
  - TX economy expanding 4% per yr.
  - Current electric peak demand forecast for 2007-2012 – 2.3% per annum

## Purpose

- Energy efficiency mechanisms intended to:
  - Provide near-term reductions in consumption & demand
  - Protect reserve margins & avoid blackouts
  - Reduce need for additional new generation & utility infrastructure

## Reality

- Work in Progress
- Turning Intent into Implementation – “Devil” is in the details



***Achieving Energy Efficiency and Energy Conservation in Texas***

# HB 3693 – in Summary

## ➤ Original Bill

- Effective 9/1/07
- Reduction of 5% of consumption per year for next 6 years
- Record & report all costs for utilities for all facilities (water, gas, electric) on “publicly available website”
- Inventory all existing equipment\*
- Purchase energy efficient “approved” equipment
- Installation of advanced metering
- SECO can establish credit for facilities that have adopted plans prior to 9/1/07
- Credit for surplus solar generation
- Not addressed - New facilities

## ➤ Current Status

- **Record and report all costs for utilities for all facilities (water, gas, electric) on “publicly available website”**
- Create a plan for cost reduction
- **Purchase energy efficient “approved” equipment**
- No need to inventory existing equipment **yet**
- Utilities to provide information for financing solar panels
- Administrative Penalties for non-compliance – TBD

\* Equipment- mechanical, lighting, appliances, including third party, such as vending (anything plugged in)

***Rulemaking to original bill has incorporated a number of substitutions. Substitutions represent the current status.***

# HB 3693 — Effective 9/1/07

## State & Local Government (cont'd)

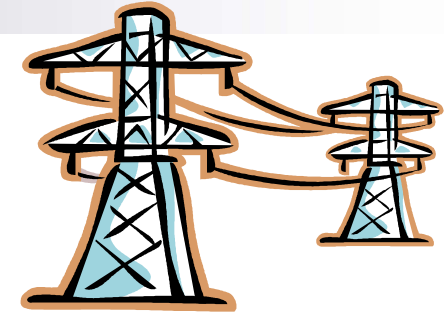


### Record and Report All Costs for Utilities (water, gas, electric) on “Publicly Available Website”

- Energy Reduction Requirements – 3 Phases
  - a. Reporting – required for current fiscal year
  - b. Planning – requirements not yet defined
  - c. Implementation - TBD
- Energy Reduction Overview
  - a. Consumption - 5% reduction/year for 6 fiscal years beginning 9/1/07
  - b. Light fixtures – purchase fewest watts necessary that are compatible w/ light fixture
  - c. Energy Efficient Equipment & Appliances - TX Building & Procurement Commission to develop & update list of equipment & appliances that meet certain “energy efficient” standards, & assist in selection
    - i. All purchases after 9/1/07 subject to such standards
    - ii. List not available yet

# HB 3693 — Effective 9/1/07

## State & Local Government (cont'd)



### ➤ SECO Role

- a. State Energy Conservation Office (SECO) adoption of new rules must have at least 9 month lead time
- b. If energy efficiency measures not achieved, must report justification & progress to SECO
- c. SECO to provide information to assist school districts in meeting their goals
- d. SECO required to solicit financial resources (gifts, grants, etc.) to fund efficiency improvements & renewable energy systems for both public and private entities
- e. Utilities must report to SECO by 9/1/09 the combined effects of energy efficiency programs

# HB 3693 — Effective 9/1/07

## State & Local Government (cont'd)

- **Electric Cooperatives** – requires co-ops & municipally-owned utilities (munis) to “consider” (*bill expresses “legislature’s intent”*) adopting & implementing energy efficiency programs consistent with investor owned utilities' standards
  - a. Applies to electric co-ops & munis with sales >500,000 MWh in 2005
  - b. Munis ultimately have exclusive jurisdiction
  - c. However, If muni open to deregulation, subject to same reporting requirements as investor owned utilities



# HB 3693 — Effective 9/1/07

## State & Local Government (cont'd)



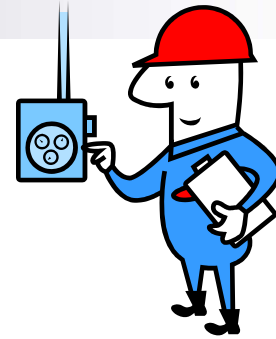
### ➤ **Advanced Metering Technology**

- a) for advanced metering data networks to be deployed ASAP to:
  - i. Better manage energy use
  - ii. Control costs
  - iii. Facilitate demand response initiatives
- b) Many particulars need to be addressed prior to implementation
  - i. Will need to tie into nodal market design, which is being delayed until at least 10/09
  - ii. ERCOT does not have capacity to collect and record the vast amount of data
  - iii. Methodology for incorporation of cost into utility rate base

### ➤ **Sales Tax Holiday for energy-efficiency Energy Star qualified products worth <\$6,000 sold Memorial Day weekend of each year**

# HB 3693 — Effective 9/1/07

## State & Local Government (cont'd)



### ➤ Utility Requirements

- a. Minimum Energy Efficiency Goals to reduce Annual Growth in Demand
  - i. 10% by 12/31/07
  - ii. 15% by 12/31/08
  - iii. 20% by 12/31/09
- b. Limits \$\$ for Electric Utility Incentive (Rebate) Programs to:
  - i. 2008- 175% of 2007 budget
  - ii. 2009 – 150% of 2007 budget
- c. PUC must adopt rules for variety of energy related issues such as:
  - i. Ensuring that costs for various energy efficient programs are borne by most appropriate rate classes
  - ii. Utility incentives, such as bonus for exceeding goals
- d. ERCOT 5 Year Reporting Requirements - coordinate with PUC & SECO to report the projected energy savings & demand impact for each utility



***“Devil is in the Details”***



# Helpful Links – HB 3693



Ongoing PUC filings- Project # 33487 (link will not copy)

<http://www.puc.state.tx.us> - then go to filings, then filings retrieval. At that point you will be in the “Interchange” window. Click on Login, then enter 33487 in the Control Number box. This will bring up all filings pertaining to 3693

House Bill 3693 (Text ~30 pages – different formats available)

<http://www.capitol.state.tx.us/BillLookup/Text.aspx?LegSess=80R&Bill=HB3693>

Bill Analysis (13 pages):

<http://www.capitol.state.tx.us/tlodocs/80R/analysis/html/HB03693H.htm>

House Research Organization Bill Analysis (pdf 7 pages):

<http://www.hro.house.state.tx.us/hrodocs/ba80r/hb3693.pdf>



# Questions?

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